

August 31, 2010

Randy Sekany
President
San Jose Fire Fighters, Local 230
425 E. Santa Clara Street, Suite 300
San Jose, CA 95113

RE: Negotiations with the San Jose Fire Fighters

Dear Randy:

We are in receipt of your letter dated August 30, 2010. It is unfortunate that the Local 230 membership voted not to accept an 8.91% total compensation reduction in order to restore the truck and four engines that were eliminated and rehire the 49 firefighters that were recently laid off.

The City is interested in meeting with Local 230's bargaining team to discuss the membership vote. Although we have binding interest arbitration scheduled in November, we remain hopeful that we can reach an agreement before that time that would allow us to restore the truck and four engines that were eliminated and rehire the 49 firefighters.

As we have indicated to you during our meeting on August 4th and in our letter dated August 4, 2010, the City currently pre-pays its retirement contributions at the beginning of the Fiscal Year for both retirement plans. The pre-payment was made in July, however, the City postponed pre-payment of 5.25% for Fire employees in the Police and Fire Department Retirement Plan, pending a possible agreement with Local 230. The delay in payment is costing the City money every day that we withhold this pre-payment.

We wanted to advise you that the City is intending to make the remaining pre-payment of 5.25% for Fire employees on **September 15, 2010**. Therefore, if the City and the San Jose Firefighters are unable to reach an agreement prior to September 15, 2010, Local 230's proposal on additional retirement contributions will no longer generate savings in this fiscal year. If an agreement is reached after September 15th, we would need to find alternative concessions.

The City's negotiation team is available to meet with Local 230 at City Hall on the following days:

September 3, 2010 – 9:00 a.m.
September 8, 2010 – 2:00 p.m.
September 13, 2010 – 1:30 p.m.

Please let us know if Local 230's bargaining team is available to meet during any of these dates.

Sincerely,

A handwritten signature in black ink, appearing to read 'Alex Gurza', with a long horizontal stroke extending to the right.

Alex Gurza
Director of Employee Relations

c: Jeff Welch, Local 230 Vice President
 Juan Diaz, Local 230 Representative
 Soren Coats, Local 230 Representative
 Chris Platten, Local 230 Legal Counsel
 Teresa Reed, Assistant Fire Chief
 Aracely Rodriguez, City Negotiating Team Member
 Marcus Hermanson, City Negotiating Team Member